

**BEFORE THE DIVISION OF INSURANCE**

**STATE OF COLORADO**

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**FINAL AGENCY ORDER O-05-108**

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**IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF JOHN  
HANCOCK LIFE INSURANCE COMPANY,**

**Respondent**

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**THIS MATTER** comes before the Colorado Commissioner of Insurance (the "Commissioner") as a result of a market conduct examination conducted by the Colorado Division of Insurance (the "Division") of John Hancock Life Insurance Company (the "Respondent"), pursuant to §§ 10-1-201 to 207, C.R.S. The Commissioner has considered and reviewed the market conduct examination report dated August 26, 2004 (the "Report"), relevant examiner work papers, all written submissions and rebuttals, and the recommendations of staff. The Commissioner finds and orders as follows:

**FINDINGS OF FACT**

1. At all relevant times, the Respondent is licensed by the Division as a life, accident and health insurance company including long term care insurance.
2. In accordance with §§ 10-1-201 to 207, C.R.S., on August 26, 2004, the Division completed a market conduct examination of the Respondent. The period of examination was January 1, 2003 to December 31, 2003.
3. In scheduling the market conduct examination and in determining its nature and scope, the Commissioner considered such matters as complaint analyses, underwriting and claims practices, pricing, product solicitation, policy form compliance, market share analyses, and other criteria as set forth in the most recent available edition of the examiners' handbook adopted by the National Association of Insurance Commissioners, as required by § 10-1-203(1), C.R.S.
4. In conducting the examination, the examiners observed those guidelines and procedures set forth in the most recent available edition of the examiners' handbook adopted by the National Association of Insurance Commissioners and the Colorado insurance examiners handbook. The Commissioner also employed other guidelines and procedures that he deemed appropriate, pursuant to § 10-1-204(1), C.R.S.

5. The market conduct examiners prepared a Report. The Report is comprised of only the facts appearing upon the books, records, or other documents of the Respondent, its agents or other persons examined, or as ascertained from the testimony of the Respondent's officers or agents or other persons examined concerning Respondent's affairs. The Report contains the conclusions and recommendations that the examiners find reasonably warranted based upon the facts.
6. Respondent delivered to the Division written submissions and rebuttals to the Report.
7. The Commissioner has fully considered and reviewed the Report, all and all of Respondent's submissions and rebuttals, and all relevant portions of the examiner's work papers.

### **CONCLUSIONS OF LAW AND ORDER**

8. Unless expressly modified in this Final Agency Order ("the Order"), the Commissioner adopts the facts, conclusions and recommendations contained in the Report. A copy of the Report is attached to the Order and is incorporated by reference.
9. Issue A1 concerns the following violation: Certifying, in some cases, compliance of non-compliant policy forms. The Respondent shall provide evidence that it has taken appropriate action to ensure that all forms included on the Certificate of Compliance are in compliance and has submitted revised certifications as required by Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
10. Issue A2 concerns the following violation: Failure to submit all of the required financial statement filings. The Respondent shall provide evidence to ensure that it has filed amended financial statements with the NAIC and has taken appropriate action to ensure compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
11. Issue E1 concerns the following violation: Including exclusionary provisions that are not allowed under Colorado insurance law in some policy forms. The Respondent shall provide evidence that it has revised the form language. Additionally, Respondent shall evaluate its denied claims to determine if any were denied under unallowable exclusionary provisions to ensure that proper adjustments are made in compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.

12. Issue E2 concerns the following violation: Failure, in some cases, to use fraud warning language that is substantially the same as the fraud warning language require by Colorado insurance law. The Respondent shall provide evidence that it has revised the fraud warning language on all required forms to ensure compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
13. Issue E3 concerns the following violation: Failure, in some cases, to use the mandatory text and sequence of text in outlines of coverage. The Respondent shall provide evidence to ensure that the mandatory text and their sequence in outlines of coverage are in compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
14. Issue G1 concerns the following violation: Failure, in some cases, to determine the applicant's financial suitability for coverage. The Respondent shall provide evidence that it has taken appropriate action in determining the applicant's financial suitability for coverage to ensure compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
15. Issue G2 concerns the following violation: Failure, in some cases, to substantiate that cost and benefit information regarding the Basic and Standard Long Term Care Plans was provided to applicants. The Respondent shall provide evidence that the appropriate information regarding the Basic and Standard Long Term Care Plans is provided to applicants and documentation of such information is maintained to ensure compliance with Colorado insurance law. The Division's records indicate that Respondent has complied with the corrective actions ordered concerning this violation.
16. Pursuant to § 10-1-205(3)(d), C.R.S., the Respondent shall pay a civil penalty in the amount of three thousand five hundred and 00/100 dollars (\$3500.00). This fine represents a combined fine for the cited violations of Colorado law. This fine was calculated in accordance with Division guidelines for assessing penalties and fines, including Division bulletin no. 1-98, issued on January 1, 1998.
17. Pursuant to § 10-1-205(4)(a), C.R.S., within sixty (60) days of the date of this Order, the Respondent shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related order.

18. Unless otherwise specified in this Order, all requirements with this Order shall be completed within thirty (30) days of the date of this Order. Respondent shall submit written evidence of compliance with all requirements to the Division within the thirty (30) day time frame, except where Respondent has already complied, as specifically noted in the Order. Copies of any rate and form filings shall be provided to the rate and forms section, with evidence of the filing sent to the market conduct section. All self-audits, if any, shall be performed in accordance with the Division's document, 'Guidelines for Self Audits Performed by Companies' presented at the market conduct examination exit meeting. Unless otherwise specified in this Order, all self-audit reports must be received within ninety (90) days of the Order, with a summary of the findings and all monetary payments to covered persons.
19. This Order shall not prevent the Division from commencing future agency action relating to conduct of the Respondent not specifically addressed in the Report, not resolved according to the terms and conditions in this Order, or occurring before or after the examination period. Failure by the Respondent to comply with the terms of this Order may result in additional actions, penalties and sanctions, as provided for by law.
20. Copies of the examination report, the Respondent's response, and this final Order will be made available to the public no earlier than thirty (30) days after the date of this Order, subject to the requirements of § 10-1-205, C.R.S.

**WHEREFORE:** It is hereby ordered that the findings and conclusions contained in the final examination Report dated August 26, 2004, are hereby adopted and filed and made an official record of this office, and the above Order is hereby approved this 22nd day of December, 2004.



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Doug Dean  
Commissioner of Insurance

**CERTIFICATE OF CERTIFIED MAILING**

I hereby certify that on the 22nd day of December, 2004, I caused to be deposited the within **FINAL AGENCY ORDER NO. O-05-108 IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF JOHN HANCOCK LIFE INSURANCE COMPANY** in the United States mail via certified mailing with the proper postage affixed and addressed to:

Mr. David F. D'Allesandro, President  
John Hancock Life Insurance Company  
200 Clarendon St.  
Boston, MA 02117

Anne Marie Graceffa, Senior Compliance Consultant  
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200 Clarendon St.  
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Dolores Arrington, MA, AIRC  
Market Conduct Section  
Division of Insurance